



# Fairdeal Filaments Ltd.

## EIGHTEENTH ANNUAL REPORT - 2007-08

**BOARD OF DIRECTORS** : **Mr. Jayanti R. Shah** Chairman  
**Mr. Dhiraj R. Shah** Managing Director  
**Mr. Arvind R. Shah** Whole-time Director  
**Mr. Manubhai J. Shah** Director  
**Mr. Rajendra K. Desai** Director  
**Mr. Paresh A. Topiwala** Director

**COMPANY SECRETARY** : **Mr. Hitesh K. Garmora**

**AUDITORS** : **M/s. Natvarlal Vepari & Co.**  
Chartered Accountants, Surat.

**BANKERS** : **Bank of Baroda**  
Zampa Bazar, Surat.

**PLANT LOCATION** : 1 Mota Borsara, Kim  
Taluka : Mangrol,  
District : Surat.  
2 Limodara Patiya, Karanj  
Taluka : Mandvi,  
District : Surat.

**REGISTERED OFFICE** : 3<sup>rd</sup> Floor, Dawer Chambers,  
Near Sub-Jail, Ring Road,  
Surat-395002.

**REGISTRARS & TRANSFER AGENT** : **MCS Limited**  
Neelam Apartment,  
88, Sampatrao Colony,  
Alkapuri, Vadodara- 390 007.

**ISIN for NSDL & CDSL** : **INE719D01011**

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## NOTICE

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the Members of FAIRDEAL FILAMENTS LIMITED will be held on Tuesday the 30<sup>th</sup> day of September, 2008 at 11.00 A.M. at the Registered office of the company situated at 3<sup>rd</sup> Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat- 395 002 to transact the following Business.

### Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008, Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Arvind R. Shah and Shri Paresh A. Topiwala who retire by rotation and being eligible, offers themselves for re-appointment.
4. To appoint M/s. Natvarlal Vepari & Co., Chartered Accountants, the retiring Auditors of the company, as Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the remuneration of the said Auditors.

By Order of the Board of Directors

Place : Surat  
Date : 31<sup>st</sup> July, 2008

**Hitesh K. Garmora**  
Company Secretary

## NOTES

1. The relevant details of person seeking appointment or re-appointment as required by clause 49 of the Listing Requirement entered into with stock exchanges are annexed herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the Registered office of the company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of corporates, societies, partnership firms, etc. must be supported by appropriate resolution/ authority as applicable, issued on behalf of the nominating organisation.
3. The Register of Members and Share Transfer Books of the company will be closed from September 20, 2008 to September 30, 2008 (both days inclusive) for the purpose of payment of dividend to those members whose names stand on the Register of Members as on September 30, 2008. The dividend in respect of equity shares held in electronic form will be payable to the beneficial owners of the equity shares as at the end of business hours on September 19, 2008 as per the details furnished by the depositories for this purpose.
4. The dividend on equity shares as recommended by the Director for the year ended on 31.03.2008 will be payable on or after September 30, 2008 in accordance with the resolution to be passed by the members of the company.
5. Pursuant to the provisions of Section 205 of the Companies Act, 1956 (the Act), all unclaimed / unpaid dividends for the financial year ended on 31<sup>st</sup> March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period, are requested to forward their claims in the prescribed Form No. II to the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to office of the Registrar of Companies, Gujarat at Ahmedabad.

5. Pursuant to the provisions of Section 205 of the Companies Act, 1956 (the Act), all unclaimed / unpaid dividends for the financial year ended on 31<sup>st</sup> March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period, are requested to forward their claims in the prescribed Form No. II to the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to office of the Registrar of Companies, Gujarat at Ahmedabad.

Consequent upon the amendment of Section 205A of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Central Government and thereafter no claims shall lie against the company or the Fund and no payments shall be made in respect of any such claims.

It may be noted that the unclaimed dividend for the financial year ended 31<sup>st</sup> March 1997 have been transferred to Investor Education and Protection Fund (the Fund) on 26<sup>th</sup> November, 2004.

6. Members/Proxy Holders should bring the Attendance Slips duly filled in for attending the meeting. Shareholders are requested to bring their copy of Annual Report at the Meeting.
7. Members seeking to obtain any information concerning the accounts and operations are requested to send their queries to the company at least 10 days before the date of the meeting, so that information required can be made available at the meeting.

### Annexure to Notice

As required by Clause 49 VII (F) of the Listing Agreement with the stock exchange, the information relating to the Directors proposed to appointed/reappointed is provided hereunder:

<b>Name of Directors</b>	<b>Mr. Arvind R. Shah</b>	<b>Mr. Paresh A. Topiwala</b>
Date of Birth	<b>28.07.1958</b>	<b>01.06.1963</b>
Date of Appointment	<b>15.05.1990</b>	<b>30.06.2005</b>
Expertise in specific functional areas	<b>Marketing</b>	<b>Finance &amp; Accounts</b>
Qualification	<b>B. Sc.</b>	<b>B. Com., F.C.A.</b>
Directorship held in other companies	<b>Nil</b>	<b>Nil</b>
Committee position held in other companies	<b>Nil</b>	<b>Nil</b>

### Directors' Report

Your Directors are pleased to present the 18<sup>th</sup> Annual Report and the audited accounts for the year ended 31<sup>st</sup> March, 2008.

#### Financial Results

(Rs. in Lacs)

Particulars	2007-08	2006-07
Sales and other operating income	<b>7043.61</b>	6238.48
Profit before interest and depreciation	<b>539.49</b>	437.69
Less : Interest	<b>220.16</b>	127.75
Depreciation	<b>221.92</b>	166.12
Profit before Tax	<b>97.41</b>	143.82
Less : Provision for Current Taxation	<b>10.03</b>	16.19
Provision for Deferred Taxation	<b>(15.22)</b>	14.24
Fringe Benefit Tax	<b>2.01</b>	2.32
Profit after Tax adjustment	<b>100.59</b>	111.07
Excess/Short provision for depreciation	<b>0.62</b>	0.00
Net Profit	<b>101.21</b>	111.07
Add : Balance brought forward from previous year	<b>315.12</b>	257.57
Amount available for Appropriation	<b>416.33</b>	368.64
Proposed Dividend	<b>45.75</b>	45.75
Tax on Dividend	<b>7.77</b>	7.77
Balance Carried to Balance Sheet	<b>362.81</b>	315.12

#### Dividend

Your Directors recommend dividend at the rate of 12.50% on the paid-up equity share capital of the company for the year ended 31<sup>st</sup> March, 2008, subject to the approval by the members at the forthcoming Annual General Meeting.

#### Operational Performance

Your company has achieved turnover of Rs. 7043.61 lacs during the year under review as compared to Rs. 6238.48 lacs for the previous year. Increase in turnover during the year under review is mainly on account of increase in trading turnover. The company has achieved operating profit of Rs. 539.49 lacs as compared to Rs. 437.69 lacs for the previous year. Cash generation for the year under review is Rs. 313.45 lacs compared to Rs. 293.19 lacs for the previous year. However, profit before tax reduced to Rs. 97.41 lacs as compared to Rs. 143.82 lacs for the previous year on account of increased depreciation and interest cost. Higher interest cost is on account of hike in interest rates from time to time, intensive use of working capital fund due to increase in cycle and installation of windmill in March'2007. Higher depreciation is on account of installation of one 0.6MW windmill, fourteen TFOs and one texturising machine.

#### Expansion

Your company has successfully installed fourteen TFOs, Himson make 1 texturising machine during the year under review and 1 texturising machine in April'2008 at a total cost of Rs. 6.05 crores at Karanj. Your company has successfully implemented RAMCO ERP software in the organization. Necessary term finance for expansion has been secured from Bank of Baroda, Zampa Bazar, Surat.

#### Fixed Deposits

Your company has not accepted any deposits from the public during the year under review.

#### Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the company, Shri Arvind R. Shah, Director and Shri Paresh A. Topiwala, Director of the company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief particulars of the Directors retiring by rotation and proposed to be re-appointed have been given in the Annexure to Notice of Annual General Meeting.

**Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo**

Information pursuant to clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to total energy consumption and energy consumption per unit of production is given in Annexure-A of this Report. Particulars with respect to Technology Absorption, Research and Development are Nil.

**Foreign Exchange Earnings and Outgo :**

(Rs. in Lacs)

	2007-08	2006-07
I) Foreign Exchange Earnings	9.55	8.96
II) Foreign Exchange Outgo:		
a) Sales Promotion	Nil	Nil
b) Capital Goods	38.79	Nil
c) Consumable Spares	14.30	1.64
d) Foreign Traveling	3.16	0.78
e) Repairs & maintenance to machine	0.00	0.43

**Particulars of Employees :**

None of the employee of the company was in receipt of remuneration exceeding the limits specified under sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**Directors' Responsibility Statement :**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representation received from the Operating Management, confirm that :

- i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to all material departures;
- ii) they have, in selection of accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) they have prepared the annual accounts of the company on a 'going concern' basis.

**Auditors and Auditor's Report**

M/s. Natvarlal Vepari & Co., Chartered Accountants, Surat, Statutory Auditors of the company, holds office until the conclusion of the forthcoming Annual General Meeting and is eligible for re-appointment. The company has received letters from them to the effect that their appointments, if made, would be within the prescribed limits under sub-section (1B) of Section 224 of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub-section 3 of Section 226 of the Companies Act, 1956, for such appointment. The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

**Cost Auditors**

The Central Government had directed an audit of cost accounts maintained by the company in respect of Textiles business. The Board of Directors, subject to the approval of the Central Government, has appointed Mr. V. Srinivasan, Cost Accountant, Navsari as the Cost Auditor of the company for conducting the cost audit. The Cost Audit Report for the year ended on 31<sup>st</sup> March, 2008 will be submitted by Mr. V. Srinivasan to the Central Government after approval of the Board of Directors.

**Corporate Governance and Compliance Certificate**

A separate section on Corporate Governance and a certificate from the Auditors of the company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the stock exchange, form part of the Annual Report.

**Acknowledgement**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, Financial Institution, Government authorities, Customers, Suppliers and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of employees of the company at all levels.

### ANNEXURE "A" TO THE DIRECTORS' REPORT

**A. POWER AND FUEL CONSUMPTION :**

	Unit - I	Unit - II	Unit - III
<b>L.D.O. / DIESEL</b>			
Quantity (Ltrs. in lacs)	-	0.082	0.008
Total Value (Rs. in lacs)	-	2.924	0.294
Cost / Unit (Rs.)	-	35.65	36.74
<b>LIGNITE</b>			
Quantity (Kgs. in lacs)	10.345	-	-
Total Value (Rs. in lacs)	27.657	-	-
Cost / Unit (Rs.)	2.674	-	-
<b>POWER</b>			
Unit (in lacs)	3.155	33.987	0.055
Total Value (Rs. in lacs)	14.232	149.098	0.31
Cost / Unit (Rs.)	4.51	4.39	5.61

**B. CONSUMPTION PER UNIT OF PRODUCTION :**

Power & Fuel	Current Year	Previous Year
<b>Yarn</b>		
Unit I	2.65	3.13
Unit II	5.13	5.56
Unit III	0.17	0.00
<b>Fabrics</b>		
Unit II	1.17	1.44

For and on behalf of the Board of Directors

Place : Surat  
Date : 31<sup>st</sup> July, 2008

**Hitesh K. Garmora**  
Company Secretary

**Dhiraj R. Shah**  
Managing Director

**Arvind R. Shah**  
Whole-time Director

## Report on Corporate Governance

1) Company's Philosophy on the Code of Governance :

Fairdeal's philosophy of doing business through ethical and fair means has been its foundation. The company's management firmly believes that good corporate governance should be internally driven and not to be looked upon just as an issue of compliance dictated by statutory requirements. Fairdeal's philosophy on corporate governance envisages the attainment of the highest level of transparency, integrity, honesty and accountability in all facets of its operations, and in all its interactions with its stakeholders including employees, Government authorities, Bankers and shareholders.

(2) Board of Directors:

The Board of Directors consists of 6 Directors and the composition of the Board is as follows: .

Category	Name of Directors
Promoter/Executive Directors	Dhiraj R. Shah - Managing Director Arvind R. Shah - Whole-time Director
Promoter/Non-Executive Director	Jayanti R. Shah - Chairman
Non-Promoter/Independent/ Non-Executive Directors	Manubhai J. Shah Rajendra K. Desai Paresh A. Topiwala

Six (6) Board Meetings were held during the year 2007-08 and the dates on which meetings held were as follows: June 27, 2007, July 31, 2007, September 5, 2007, October 31, 2007, January 31, 2008 and March 29, 2008. Last Annual General Meeting of the Company was held on September 29, 2007. Details of attendance of each Director at the Board meetings, last Annual General Meeting and number of other directorship and membership/chairmanship of committee of each Director in other companies are as follows:

Name of Directors	Board Meeting Attended	Attendance at last AGM	Directorship in other companies	Committee Membership/ Chairmanship in other companies
Jayanti R. Shah	6	Yes	2	Nil
Dhiraj R. Shah	6	Yes	12	Nil
Arvind R. Shah	6	Yes	Nil	Nil
Manubhai J. Shah	6	Yes	Nil	Nil
Rajendra K. Desai	6	Yes	2	Nil
Paresh A. Topiwala	6	Yes	Nil	Nil

3) **Audit Committee :**

Audit committee consist of three Directors, out of them two are independent non-executive Directors and one non-executive promoter Director. The Company Secretary acts as the Secretary of the audit committee. The Committee met on 27<sup>th</sup> June 2007, 31<sup>st</sup> October 2007, 31<sup>st</sup> January 2008 and 29<sup>th</sup> March 2008 during the year under review. The composition of audit committee and particulars of meeting attended by the members of the audit committee are as follows.

Name of Directors	Position	Meeting Attended
Rajendra K. Desai	Chairman	4
Jayanti R. Shah	Member	4
Manubhai J. Shah	Member	4

Terms of reference of the Audit Committee are broadly as under :

- ◆ Reviewing with management the annual financial statements before submission to the Board
  - To review any changes in accounting policies and practices.
  - To review major accounting entries based on exercise of judgment by management.
  - Qualification in draft Audit Report.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Overseeing the company's financial reporting process and the disclosure of financial information.
  - Reviewing the financial statements to ensure that it is correct, sufficient and credible.
- ◆ Reviewing with the management, external and internal auditors, the adequacy of internal control and audit functions.
- ◆ Reviewing the company's financial and risk management policies
- ◆ To look into the reasons for material defaults if any in the payment to shareholders and creditors.

**4. Remuneration to Directors:**

The broad terms of reference of the Remuneration committee are as under:

- ◆ To approve the remuneration package of executive directors from time to time in compliance with the various applicable provisions read with Schedule XIII of the Companies Act, 1956.
- ◆ Such other matters as the Board may from time to time request the Remuneration Committee to examine, recommend and approve.

The committee consists of three Independent Non-executive Directors. The Company Secretary acts as the Secretary of the Remuneration Committee. Composition of the Remuneration committee is as under:

<b>Name of Directors</b>	<b>Position</b>
Manubhai J. Shah	Chairman
Paresh A. Topiwala	Member
Rajendra K. Desai	Member

The company has no pecuniary relationship or transaction with its non-executive Directors other than payment of sitting fees to them for attending the Board meeting and Committee meeting. No sitting fees are paid to Executive Directors. The remuneration policy of the company is directed towards rewarding performance. The Company has no stock option scheme. Further no commission is paid to any Directors.

Total remuneration paid to Managing Director and Whole-time Director of the company during the year ended on 31<sup>st</sup> March, 2008 is Rs. 30,25,720 including sitting fees paid to non-executive Directors.

**5) Shareholders/Investor Grievance Committee :**

The Shareholder/Investors Grievance Committee consists of three Directors viz. Jayanti R. Shah, Dhiraj R. Shah and Arvind R. Shah. The Committee is headed by the Chairman and non-executive Director Shri Jayanti R. Shah. The Committee meets at frequent interval to consider and approve share transfers/share transmission and for redressing the other investor's grievances. The minutes of the committee meeting are placed at the Board Meeting from time to time. Mr. Hitesh K. Garmora, Company Secretary of the company is the Compliance Officer. All Investors complaints like non-receipt of annual report, change of address, non-receipt of dividend, revalidation of dividend warrant etc. are attended by compliance officer and monitored by the Committee. All requests/complaints were attended to promptly and resolved to the satisfaction of the shareholder.



**6. General Body Meeting :**

Location and time for last three Annual general Meetings (AGM) were as follows :

Financial Year	Date	Location of the Meeting	Time
2004-05	24.09.2005	3 <sup>rd</sup> Floor, Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat	11.00 A.M.
2005-06	23.09.2006	Do	11.00 A.M.
2006-07	29.09.2007	Do	11.00 A.M.

Special Resolution passed in previous three AGMs :

No special resolution has been passed at the AGM for the financial year 2004-05 and 2005-06. 2 (Two) special resolutions have been passed in AGM for the financial year 2006-07 held on 29.09.2007 as per following details:

- (1) For re-appointment of Shri Dhiraj R. Shah as Managing Director of the company w.e.f. 01.10.2007 to 30.09.2010 upon the terms and conditions and remuneration as set out in the agreement and
- (2) For re-appointment of Shri Arvind R. Shah as Whole-time Director of the company w.e.f. 01.10.2007 to 30.09.2010 upon the terms and conditions and remuneration as set out in the agreement.

During the year ended on 31<sup>st</sup> March, 2008, there is no resolution passed by the company's shareholders through postal ballot. However, at the Board meeting held on 29.03.2008, the Board of Directors have decided for change in Object clause of the Memorandum of Association of the company and accordingly appointed Mr. Devesh A. Pathak, Practising Company Secretary, Baroda as scrutinizer for conducting the postal ballot voting process. Approval of the shareholders of the company is obtained for change in object clause by special resolution passed through postal ballot pursuant to Section 17 read with Section 192A of the Companies Act, 1956 and the rules made there under. Result of the postal ballot was declared at the registered office of the company at Surat on 15.05.2008.

None of the business required to be transacted at this AGM is proposed to be passed by postal ballot.

**7. Disclosures :**

- a. During the year transactions with the related parties have been carried out in accordance with terms approved by Central Govt. under Section 297 of the Companies Act, 1956. Transactions with related parties are carried out at arm's length price and are not prejudicial to the interest of the company. Transactions with related parties during the year under review are disclosed in Note No. 8 of Schedule-17 to the accounts as required by Accounting Standard 18 issued by Institute of Chartered Accountants of India.
- b. There were no instances of non-compliance on any matters related to the capital markets during last three years.
- c. A qualified Practising Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital of the company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**8. Means of Communication:**

The quarterly, half-yearly and annual results of the company are published in leading newspapers which includes The Economic Times, Navbharat Times and Gujarat Mitra. The Management's Discussion and Analysis is a part of the Company's Annual Report.

**9. General Shareholder Information:****Annual General Meeting:**

**Date and Time :** 30<sup>th</sup> Day of September, 2008, 11.00 A.M.

**Venue :** 3<sup>rd</sup> Floor Dawer Chamber, Nr. Sub-Jail, Ring Road, Surat 395 002.

**Financial Calendar :**

The Company follows April - March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter except for the last quarter, for which the results are declared in the month of June as permitted under the listing agreement.

**Date of Book Closure:**

20<sup>th</sup> September, 2008 to 30<sup>th</sup> September, 2008 (Both days inclusive)

**Dividend payment Date :**

**On or after 30<sup>th</sup> September, 2008**

**Listing on stock exchanges:**

Company's shares are listed on following Stock Exchanges:

1. Bombay Stock Exchange Limited, Mumbai
2. Vadodara Stock Exchange Limited, Vadodara.

**Listing Fees and Custodian Fees:**

The company has paid listing fees for the year 2008-09 to the respective stock exchanges. Pursuant to Securities and Exchange Board of India Circular No. MRD/DoP/SE/DEP/CIR-4/2005 dated January 28, 2005, the issuer companies are required to pay custodial fees to the depositories with effect from April 1, 2005. Accordingly, the company has paid custodial fees for the year 2008-09 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on March 31, 2008.

**Stock Code:**

Bombay Stock Exchange Limited, Mumbai (BSE) : Scrip Code- 514474

Demat ISIN Numbers in NSDL & CDSL : INE719D01011

**Market Price Data :**

High, low during each month and trading volumes of the company's equity shares during the last financial year at the Bombay Stock Exchange Limited (BSE) are given below:

Month	High	Low	No. of shares traded during the month
April'2007	20.00	17.15	21804
May'2007	21.40	17.20	20849
June'2007	21.55	16.65	68794
July'2007	23.00	18.05	65705
August'2007	21.90	17.50	63783
September'2007	19.85	18.25	33824
October'2007	19.40	15.60	49079
November'2007	19.20	15.05	24640
December'2007	36.00	17.60	717435
January'2008	32.85	16.20	201115
February'2008	18.55	15.45	66309
March'2008	18.75	13.00	79539

**Registrar and Share Transfer Agent:**

MCS Limited  
 Neelam Apartment,  
 88, Sampatrao Colony, Alkapuri,  
 Vadodara- 390 007  
 Tel No.: 0265- 2339397/2314757  
 Fax No.: 0265- 2341639  
 Email: [mcsbaroda@iqara.net](mailto:mcsbaroda@iqara.net)

**Share Transfer System:**

Share transfer in physical form can be lodged with RTA of the company at the above mentioned address or with the company at the Regd. office. Applications for transfer of shares held in physical form which are received at the Registered office are forwarded to Registrar and Share Transfer Agent at the above mentioned address. All transfer/transmission and demat requests are normally processed within 15-20 days from the date of receipt, if the documents are in order.

Pursuant to Clause 47(c) of the listing agreement with stock exchanges, certificate on half yearly basis have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the company. Further, a certificate has also been received from a Company Secretary in Practice for timely dematerialisation of the shares of the company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the company.

**Distribution of shareholding as on March 31, 2008 :**

Shareholding of Nominal value of Rs.	Shareholders		Shareholding	
	Number of Shareholders	%	Number of Shares	%
Up to 5000	3856	91.03	567509	15.51
5001 10000	147	3.47	122772	3.35
10001 20000	74	1.75	113170	3.09
20001 30000	40	0.94	101503	2.77
30001 40000	18	0.43	63137	1.73
40001 50000	14	0.33	65401	1.79
50001 100000	47	1.11	350371	9.57
100001 & above	40	0.94	2276177	62.19
<b>Total</b>	<b>4236</b>	<b>100.00</b>	<b>3660040</b>	<b>100.00</b>

**Categories of Shareholders as on March 31, 2008 :**

Category of Members	Number of shares	% of total shares
Indian Promoters	1708895	46.69
Shareholders holding nominal share capital upto Rs. 1 lakh	1076490	29.41
Shareholders holding nominal share capital in excess of Rs. 1 lakh	585752	16.00
Private Corporate Body	278442	7.61
Others- Clearing Members	10461	0.29
<b>Total</b>	<b>3660040</b>	<b>100.00</b>

**Dematerialisation of shares :**

69.98% of company's paid-up equity share capital i.e. 2561163 shares have been dematerialised up to 31.03.2008. Trading in Equity shares of the company is permitted only in dematerialised form as per notification issued by the Securities and Exchange Board of India (SEBI).

**Outstanding GDR/ADR/Warrants or any convertible instruments :**

The company has not issued any GDR/ADR/Warrants or any convertible instruments till date.

**Plant Locations :**

Mota Borsara, Kim,  
Ta.: Mangrol, Dist.: Surat.

Limodra Patia, Karanj,  
Ta.: Mandvi, Dist.: Surat.

**Address for investor correspondence :**

For dematerialisation of shares, share transfers, share transmissions, change of address, non-receipt of dividend/ annual report or any other query relating to shares may be addressed to:

**MCS Limited**

Neelam Apartment,  
88, Sampatrao Colony,  
Alkapuri, Vadodara- 390 007.  
Tel No.: (0265) 2339397/2314757  
Fax No.: (0265) 2341639

**Secretarial Department,**

Fairdeal Filaments Limited  
3<sup>rd</sup> Floor, Dawer Chambers,  
Nr. Sub-Jail, Ring Road, Surat-395 002.  
Phone No.: (0261) 3090200, 2635541-42  
Fax No.: (0261) 2635550

## Management Discussion and Analysis

### Industry structure and developments :

The textile industry was the pioneer of industrialization in India. The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. It contributes about 14 percent to industrial production, 4 percent to the GDP, and 20 percent to the country's export earnings. It provides direct employment to over 35 million people. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Man-made Fibre Textile industry in India is vibrant and growing. It boasts of nearly self sufficient raw material production base and produces a wide range of textiles. India has emerged as one of the World's leading manufacturer of man-made textiles, capable of supplying a wide range of textiles to the domestic and global markets. The fibres and filament yarns produced in India are comparable to the best in the world. Large investments have also been made in the spinning sector, which has led to the production of superior quality spun yarn. The modernisation of fabric production is also petering down to the weaving and processing sectors and this in turn has resulted in international quality fabrics.

### Opportunities and threats :

The Indian textiles industry, on the eve of the Eleventh Five Year Plan, is in a much stronger position than it was at any point of time in the last six decades. The abolition of quota, a buoyant economy and a conducive policy environment in the form of TUFs, SITP, Cluster development provided by the Government, have contributed in placing the industry on the path of rapid growth.

### Outlook :

The increase in production levels at the rate of 8-9 percent, doubling of investment during the last two years under TUFs, and similar trend continuing during the year under review, clearly indicate that industry has been able to face successfully the challenges of a globalised economy. The time has come to further strengthen this industry, enabling it to fully exploit available opportunities in the domestic & export markets, and realize its full potential.

### Risk and concerns :

Fairdeal is engaged in manufacture of texturised, twisted and sized yarn and weaving on water-jet looms. The basic raw material for manufacturing company's product is POY, FDY, PFY etc. The company procures basic raw material from big Spinners who controls the downstream textile industry. Our basic raw materials and finished products are exposed to risk of price fluctuation. Further, tariff policy under Customs and Central Excise Act may adversely affect the cost structure and selling prices in the domestic market, thereby potentially affecting margins. Prospectus of large scale dumping into India after implementation of GATT also remains.

Recently, big spinners in the country are ramping up their manufacturing capacities to tap the huge export opportunities offered by quota free world. The increase in capacity of spinners will provide better opportunity for procuring basic raw materials at competitive prices.

**Internal Control System and their adequacy :**

Your company is conscious about the need to line up modern management practices. The company has successfully implemented RAMCO ERP software. The company has an internal control system commensurate with its size and nature of its business which covers areas such as optimum utilization of resources, accurate and prompt recording of transactions, safeguarding of assets, adherence to applicable accounting standards and policies, review of IT and other systems, compliance with prevalent statutes, management policies and procedures.

**Financial Performance :**

Your company has achieved turnover of Rs. 7043.61 lacs during the year under review as compared to Rs. 6238.48 lacs for the previous year. Increase in turnover during the year under review is mainly on account of increase in trading turnover. The company has achieved operating profit of Rs. 539.49 lacs as compared to Rs. 437.69 lacs for the previous year. Cash generation for the year under review is Rs. 313.45 lacs compared to Rs. 293.19 lacs for the previous year. However, profit before tax reduced to Rs. 97.41 lacs as compared to Rs. 143.82 lacs for the previous year on account of increased depreciation and interest cost. Higher interest cost is on account of hike in interest rates from time to time, intensive use of working capital fund due to increase in cycle and installation of windmill in March'2007. Higher depreciation is on account of installation of one 0.6MW windmill, fourteen TFOs and one texturising machine.

**Human Resource Development/Industrial Relations:**

Fairdeal considers its employees as the most valuable assets for the company. Fairdeal focuses on attracting talent, retaining talent and developing talent for enhancing business performance. Industrial relations have continued to be cordial at all level of the organization during the year under review.

**Forward Looking Statement Cautionary Statement:**

Certain statement made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations etc. are "forward looking statements" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results may differ from those expressed or implied, depending upon economic conditions affecting demand/supply and price levels in the market, Government policies and other incidental or related factors.

**Auditors' Certificate on Corporate Governance**

To,  
The Members of  
**Fairdeal Filaments Limited,**  
Surat.

We have examined the compliances of condition of Corporate Governance by FAIRDEAL FILAMENTS LIMITED for the year ended 31<sup>st</sup> March, 2008 as stipulated in Clause 49 of Listing Agreement with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the company which are presented to the Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For, NATVARLAL VEPARI & CO.**  
CHARTERED ACCOUNTANTS

Place : Surat  
Date : 30.06.2008

**Ravindra Vepari**  
Partner  
Membership No. : 6728

**AUDITORS' REPORT**

To,  
The Members of  
**FAIRDEAL FILAMENTS LIMITED,**  
Surat.

We have audited the attached Balance Sheet of FAIRDEAL FILAMENTS LIMITED, as at 31st March 2008, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principle used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Department of Company Law Affairs in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto Annexure 'A' on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in Annexure referred to in Para (1) above, we report that :

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) On the basis of written representation received from the directors, as on 31<sup>st</sup> March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
2. Subject to the matters referred to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
    - ii. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
    - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

**For, NATVARLAL VEPARI & CO.**  
CHARTERED ACCOUNTANTS

**Ravindra Vepari**  
Partner

Membership No. : 6728

Place : Surat  
Date : 30.06.2008



**ANNEXURE 'A' TO THE AUDITOR'S REPORT : YEAR ENDED 31-3-2008.**

- 1)
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets.
  - b) We are informed that all fixed assets have been physically verified by the management at reasonable intervals. On the basis of information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- 2)
  - a) As informed to us, the inventory has been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of the business.
  - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the books records were not material and have been properly dealt with in the books of accounts.
- 3) The Company has not taken or granted any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act ,1956
- 4) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of the business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- 5)
  - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. five lakhs in respect of any party during the year have been made at prices which are reasonable and having regard to prevailing market prices at the relevant time.
- 6) The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956, and the rules made there under.
- 7) We are of the opinion that, the coverage of internal audit functions carried out by a Chartered Accountant appointed by the management is commensurate with the size of the company and the nature of its business.
- 8) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the company's products to which the said rules are made applicable, and are of the opinion that, the prescribed accounts and records have been made and maintained.
- 9)
  - a) According to the records of the company wherever applicable, it has been regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, Value Added Tax sales tax / VAT, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities.

- b) According to the information and explanation given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March 2008 for a period for more than six months from the date they became payable.10) The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and the immediately preceding financial year.
- 11) According to the information and explanation given to us, the company has not defaulted in repayments of dues to financial institutions or bank or debenture holders.
- 12) According to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) According to the information and explanation given by the management, in our opinion the terms and conditions of the guarantee given by the Company for loan taken by others from Bank are not prejudicial to the interest of the company.
- 14) In our opinion, the term loans have been applied for the purpose for which they were raised.
- 15) According to information and explanation given to us and on an overall examination of the balance sheet of the company, we report that the company has used funds relating to long term basis to short term basis and as explained they have been deployed to fund core working capital.
- 16) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 17) The company has not issued any debentures during the year.
- 18) During the year covered by our audit report, the company has not issued any shares to public.
- 19) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- 20) Considering the nature of activities being carried out, by the company and also the nature of the matters referred to in the various clauses of the Companies (Auditors' Report) Order, 2003, Clause (xiii) and (xiv) of paragraph 4 of the aforesaid order is not applicable to the Company.

**For, NATVARLAL VEPARI & CO.**  
CHARTERED ACCOUNTANTS

Place : Surat  
Date : 30.06.2008

**Ravindra Vepari**  
Partner  
Membership No. : 6728

**BALANCE SHEET AS AT 31ST MARCH, 2008**

	SCH.	Current Year Rs.	Previous Year Rs.
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds :</b>			
a) Share Capital	1	36,600,400	36,600,400
b) Reserves & Surplus	2	54,104,186	49,335,490
		<u>90,704,586</u>	<u>85,935,890</u>
<b>Loan Funds :</b>			
a) Secured loans	3	179,959,987	133,056,387
b) Unsecured Loans	4	42,209,241	43,207,751
		<u>222,169,227</u>	<u>176,264,138</u>
Deferred tax		6,682,141	8,203,966
	TOTAL	<u>319,555,954</u>	<u>270,403,994</u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets :</b>			
Gross Block		257,942,515	203,093,662
Less : Depreciation		101,796,797	81,055,124
Net Block :		<u>156,145,717</u>	<u>122,038,538</u>
Capital work in progress including advances		9,374,785	14,769,287
		<u>165,520,502</u>	<u>136,807,824</u>
<b>Investments :</b>	6	2,670,000	2,800,000
<b>Current Assets, Loans and Advances :</b>			
a) Inventories	7	45,669,219	37,817,082
b) Sundry Debtors		92,819,847	85,138,079
c) Cash and bank balances		2,555,511	3,267,287
d) loans and advances		54,701,114	44,567,787
		<u>195,745,691</u>	<u>170,790,235</u>
<b>Less : Current Liabilities &amp; Provisions :</b>			
a) Current Liabilities	8	23,354,923	18,573,274
b) Provisions		21,025,316	21,420,791
		<u>44,380,239</u>	<u>39,994,065</u>
<b>Net working capital</b>		<u>151,365,452</u>	<u>130,796,170</u>
	TOTAL	<u>319,555,954</u>	<u>270,403,994</u>

**Notes forming part of the accounts**
**17**

As per our report of even date.

**For, NATVARLAL VEPARI & CO.**  
 CHARTERED ACCOUNTANTS

For and on behalf of the Board,

**Ravindra Vepari**  
 Partner

**Hitesh K. Garmora**  
 Company Secretary

**D. R. Shah**  
 Managing Director

**A. R. Shah**  
 Whole-time Director

SURAT, Date : 30.06.2008

SURAT, Date : 30.06.2008

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	SCH.	Current Year Rs.	Previous Year Rs.
<b>INCOME :</b>			
Sales & Other Operating Income	9	<b>704,361,398</b>	623,847,793
TOTAL		<b><u>704,361,398</u></b>	<u>623,847,793</u>
<b>EXPENDITURE :</b>			
(Increase)/Decrease in finished goods stock	10	<b>5,682,609</b>	8,402,018
Consumption of Raw Materials	11	<b>329,836,690</b>	311,225,321
Purchase of Traded Materials		<b>235,278,639</b>	165,357,813
Manufacturing expenses	12	<b>43,856,981</b>	58,667,841
Payment and benefit to employees	13	<b>20,554,644</b>	22,447,055
Administrative Expenses	14	<b>9,349,019</b>	8,565,138
Selling and distribution expenses	15	<b>5,237,837</b>	5,236,514
Financial charges	16	<b>22,015,992</b>	12,774,693
Depreciation		<b>22,191,976</b>	16,611,740
Loss/(Profit) on sale of assets		<b>615,693</b>	177,450
TOTAL		<b><u>694,620,080</u></b>	<u>609,465,584</u>
<b>Profit before tax Adjustment</b>		<b>9,741,318</b>	14,382,209
Less: Current Tax		<b>1,003,000</b>	1,619,000
Less : Deferred Tax		<b>(1,521,825)</b>	1,424,401
Less: Fringe Benefit Tax		<b>201,000</b>	232,000
<b>Profit after tax Adjustment</b>		<b>10,059,143</b>	11,106,808
Excess / Short provision of Depreciation		<b>62,133</b>	-
Net Profit		<b>10,121,276</b>	11,106,808
Balance brought forward		<b>31,512,118</b>	25,757,889
		<b><u>41,633,393</u></b>	<u>36,864,697</u>
<b>APPROPRIATION</b>			
Proposed Dividend		<b>4,575,050</b>	4,575,050
Tax on Dividend		<b>777,530</b>	777,530
Balance Carried to Balance Sheet		<b>36,280,814</b>	31,512,118
		<b><u>41,633,393</u></b>	<u>36,864,697</u>
EPS - Basic and Diluted. ( Rs. per Share)		<b>2.77</b>	3.03

**Notes forming part of the accounts**
**17**

As per our report of even date.

**For, NATVARLAL VEPARI & CO.**  
 CHARTERED ACCOUNTANTS

For and on behalf of the Board,

**Ravindra Vepari**  
 Partner

**Hitesh K. Garmora**  
 Company Secretary

**D. R. Shah**  
 Managing Director

**A. R. Shah**  
 Whole-time Director

SURAT, Date : 30.06.2008

SURAT, Date : 30.06.2008

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS.**

	SCH.	Current Year Rs.	Previous Year Rs.
<b>SHARE CAPITAL</b>			
<b>Authorised -</b>	1		
55,00,000 Equity shares of Rs.10 each		<u>55,000,000</u>	<u>55,000,000</u>
Issued , subscribed and paid up :			
36,60,040 Equity shares		<b>36,600,400</b>	36,600,400
of Rs.10/- each fully paid up			
	TOTAL	<u><u>36,600,400</u></u>	<u><u>36,600,400</u></u>
<b>RESERVES AND SURPLUS :</b>			
	2		
Share Premium		<b>10,826,724</b>	10,826,724,
Capital Reserve		<b>6,996,648</b>	6,996,648
Profit and Loss account		<b>36,280,814</b>	31,512,118
	TOTAL	<u><u>54,104,186</u></u>	<u><u>49,335,490</u></u>
<b>SECURED LOANS :</b>			
	3		
<b>(A) TERM LOAN:</b>			
Bank of Baroda		<b>81,793,477</b>	73,554,453
(Secured by hypothecation of raw materials, stock-in-process, finished goods, book-debts, plant and machinery and equitable mortgage of factory, land and building situated at Village Karanj, Taluka; Mandvi, Dist.: Surat and Village Mota Borasara, Taluka : Mangrol, Dist.:Surat. Facility is further secured by equitable mortgage of office premises third Floor, Dawer Chambers, Ring Road, Surat and Hypothecation of Windmill situated at Village : Suthari, Taluka : Abdasa, Dist.: Kutch.)			
Vehicle Lons :			
From Banks		<b>893,305</b>	1,568,455
From Others		-	15,623
<b>(B) WORKING CAPITAL :</b>			
Bank of Baroda			
(Secured by hypothecation of raw materials, stock-in-process, finished goods, book-debts, plant and machinery and equitable mortgage of factory, land and building situated at Village; Karanj. Taluka; Mandvi, Dist.: Surat and Village Mota Borasara, Taluka : Mangrol, Dist. Surat. Facility is further secured by equitable mortgage of office premises third floor, Dawer Chambers, Ring road, Surat and Hypothecation of Windmill situated at village : Suthari, Taluka : Abdasa, Dist.: Kutch.)			
FCNR (B) LOANS		<b>60,000,000</b>	45,000,000
Rupees Loan		<b>6,955,892</b>	12,917,857

	SCH.	Current Year Rs.	Previous Year Rs.
<b>(C) CORPORATE LOAN :</b>			
From AXIS Bank (Secured by Second charge on current assets of the company)		<b>30,317,312</b>	-
		<u><b>179,959,987</b></u>	<u>133,056,387</u>
<b>UNSECURED LOANS :</b>			
Short Term Advances	4		
From Banks		<b>9,548,645</b>	31,217,751
From NBFC		<b>19,990,596</b>	-
From Corporates		<b>12,670,000</b>	11,990,000
<b>Total</b>		<u><b>42,209,241</b></u>	<u>43,207,751</u>

**Schedule-5 : Fixed Assets**

Sr. No.	Particulars	Gross Block			Depreciation					Net Block	
		AS ON 01.4.2007	ADDITION	ADJUSTMENT	AS ON 31.3.2008	UPTO 31.3.2007	DURING THE YEAR	ADJUST- MENT	TOTAL	AS ON 31.3.2008	AS ON 31.3.2007
1	LAND	1,488,149	-		1,488,149	-	-	-	-	1,488,149	1,488,149
2	FACTORY BUILDING	21,305,077	8,068,548		29,373,625	6,958,813	906,333	-	7,865,146	21,508,479	14,346,264
3	PLANT AND MACHINERY	74,868,006	2,387,172	1,877,244	75,377,934	42,550,607	7,205,074	1,269,406	48,486,275	26,891,660	32,040,328
4	OFFICE EQUIPMENT	2,774,271	131,739		2,906,010	1,067,712	137,932	-	1,205,644	1,700,366	1,706,559
5	COMPUTER	4,080,302	3,999,568		8,079,870	2,718,733	426,121	12,376	3,132,478	4,947,392	1,361,569
6	VEHICLES	7,351,428	752,660	58,988	8,045,100	1,909,878	772,544	65,361	2,617,061	5,428,039	5,441,550
7	FURNITURES FIXTURE	2,988,391	64,033		3,052,424	1,739,105	184,693	28,998	1,894,800	1,157,624	1,249,286
8	LABORATORY EQUIP.	9,880	-		9,880	8,015	521	-	8,536	1,344	1,865
9	BEAM PIPE	2,066,704	-	74,162	1,992,542	1,968,609	11,752	74,162	1,906,199	86,343	98,095
10	OFFICE BUILDING	1,470,441	-		1,470,441	283,848	23,522	-	307,370	1,163,071	1,186,593
11	ELECTRICAL INSTALLATION	196,661	21,840		218,501	64,484	10,191	-	74,675	143,826	132,177
12	PLANT & MACHINERY UNDER TUF	47,226,702	41,433,687		88,660,389	21,537,056	6,905,668	-	28,442,724	60,217,665	25,966,717
13	WINDMILL	37,267,650	-		37,267,650	248,264	5,607,625	-	5,855,889	31,411,761	37,019,386
	<b>TOTAL</b>	<b>203,093,662</b>	<b>56,859,247</b>	<b>2,010,394</b>	<b>257,942,515</b>	<b>81,055,124</b>	<b>22,191,976</b>	<b>1,450,303</b>	<b>101,796,797</b>	<b>156,145,717</b>	<b>122,038,538</b>
	Previous Year	158,884,075	45,421,510	1,211,924	203,093,662	65,257,522	16,611,740	814,138	81,055,124	122,038,538	93,626,553

**TRADE INVESTMENTS :**
**(Valued at cost, unquoted)**

266000 (P.Y. 280000) shares of Shalton  
Industrial Infrastructure Pvt Ltd.

6

2,660,000

2,800,000

Fairdeal Textile Park Pvt.Ltd.

( Share Application Money )

10,000

-
| **TOTAL** |  | **2,670,000** | **2,800,000** |

	SCH.	Current Year Rs.	Previous Year Rs.
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>	7		
<b>A) Current Assets :</b>			
<b>a) Inventories :</b>			
(As verified, valued and certified by the management)			
Raw materials		31,893,102	18,211,276
Finished Goods/Traded Goods		11,091,082	16,773,691
Consumable stores etc.		<u>2,685,035</u>	<u>2,832,115</u>
		<u>45,669,219</u>	<u>37,817,082</u>
<b>b) Sundry debtors :</b>			
Outstanding for more than six months		4,180,923	3,670,164
Other debts		88,638,924	81,467,915
		<u>92,819,847</u>	<u>85,138,079</u>
<b>c) Cash and Bank Balances :</b>			
Cash on hand		259,216	493,404
In current Account with Scheduled Bank		16,267	819,980
In Fixed deposits Account with Scheduled Bank		1,261,178	1,125,247
Unclaimed Dividend a/c with Scheduled Bank		1,018,850	828,656
		<u>2,555,511</u>	<u>3,267,287</u>
<b>B) Loans and Advances :</b>			
(Unsecured, considered good)			
Advances (Receivable in cash or kind or for value to be received)		12,177,857	8,721,497
Utility Deposits		831,810	444,912
Prepaid expenses		1,108,780	215,655
Advance Income-tax		12,301,144	9,433,009
Advance against Goods		17,373,328	15,509,923
Interest Subsidy under TUF receivable		3,130,952	2,389,431
Duty Rebate Receivable for Export		57,518	27,347
Vat Receivable		202,403	-
Entry Tax Receivable		-	224,435
Central Excise P L A		595	812
CENVAT on Yarn		<u>7,516,727</u>	<u>7,600,766</u>
		<u>54,701,114</u>	<u>44,567,787</u>
	TOTAL	<u>195,745,691</u>	<u>170,790,235</u>

	SCH.	Current Year Rs.	Previous Year Rs.
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>	8		
<b>(A) Current Liabilities :</b>			
1) Sundry Creditors			
a) For Goods and Other Purchases		7,477,904	9,750,173
b) For Expenses		2,811,729	2,310,362
c) For Statutory Liabilities		2,530,881	2,805,593
d) For Capital Goods		9,323,415	1,791,588
2) Advance against order		192,145	1,086,902
3) Unclaimed Dividend		1,018,850	828,656
		<u>23,354,923</u>	<u>18,573,274</u>
<b>(B) Provisions :</b>			
Provision for Taxation		9,290,696	8,086,696
Provision for Expenses		5,813,362	7,451,275
Proposed Dividend		4,575,050	4,575,050
Tax on Dividend		777,530	777,530
Provision for earned leave		250,529	167,347
Provision for earned Bonus		318,149	362,893
		<u>21,025,316</u>	<u>21,420,791</u>
TOTAL		<u>44,380,239</u>	<u>39,994,065</u>
<b>SALES &amp; OTHER OPERATING INCOME :</b>	9		
Sales		712,549,730	627,078,637
Less: Excise Duty		784,468	2,679,527
Less : Value Added Tax / ( Sales Tax )		23,500,555	17,872,569
		<u>688,264,707</u>	<u>606,526,541</u>
Commission Income (Net)		13,425,029	11,823,272
Interest		457,514	531,249
Income from Currency Swap / Option Contract		1,093,865	740,000
Job charges		62,490	286,840
Sundry Balance written back		163,848	2,931,482
Godown Rent		20,800	195,000
Other operating Income		873,144	813,410
		<u>16,096,690</u>	<u>17,321,252</u>
TOTAL		<u>704,361,398</u>	<u>623,847,793</u>
<b>(INCREASE) / DECREASE IN FINISHED STOCK :</b>	10		
Opening stock		16,773,691	25,175,709
Closing stock		11,091,082	16,773,691
TOTAL		<u>5,682,609</u>	<u>8,402,018</u>



	SCH.	Current Year Rs.	Previous Year Rs.
<b>CONSUMPTION OF RAW MATERIALS</b>	11		
Opening stock		18,211,276	14,620,494
Purchases		343,518,516	314,816,103
		<u>361,729,792</u>	<u>329,436,597</u>
Closing stock		31,893,102	18,211,276
	TOTAL	<u>329,836,690</u>	<u>311,225,321</u>
<b>MANUFACTURING EXPENSES</b>	12		
Job charges		1,478,822	2,552,929
Leave & License Charges		-	7,001,836
Lising charges		994,766	632,632
Power and fuel (Net)		17,870,547	24,885,045
Consumption of Stores (including Chemical and Packing)		19,041,293	18,268,623
Repairs to machinery		1,275,632	1,245,339
Water charges		1,554,229	2,211,191
Building repairs		691,473	675,211
Factory expenses		734,928	1,195,035
Wind Mill expenses		215,291	-
	TOTAL	<u>43,856,981</u>	<u>58,667,841</u>
<b>PAYMENT AND BENEFITS TO EMPLOYEES :</b>	13		
Salary, Wages, Bonus & Other Benefits		18,910,706	20,503,225
Contribution to Provident fund & expenses		764,790	1,123,499
Group Gratuity Premium expenses		304,005	284,417
Staff welfare expenses (Food & Beverages)		575,143	535,914
	TOTAL	<u>20,554,644</u>	<u>22,447,055</u>
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>	14		
Insurance		442,655	641,253
Printing and stationery		257,881	405,621
Postage and telephone		788,460	744,162
Electrical expenses		246,980	239,970
Travelling and conveyance		1,436,136	1,553,898
Directors' remuneration		3,018,720	2,418,720
Directors' sitting fees		7,000	8,000
Legal and professional charges		2,100,217	1,568,787
Audit fees		200,240	200,000
Sundry expenses		372,585	303,747
Computer expenses		285,578	254,143
Donation		71,361	81,001
Repairs & Maintenance to Furniture & Office Equipment		121,206	145,836
	TOTAL	<u>9,349,019</u>	<u>8,565,138</u>

	<b>SCH.</b>	<b>Current Year Rs.</b>	<b>Previous Year Rs.</b>
<b>SELLING &amp; DISTRIBUTION EXPENSES :</b>	15		
Brokerage		<b>3,483,660</b>	4,234,552
Advertisement and sales promotion		<b>235,584</b>	218,567
Freight and octroi (Net)		<b>1,308,108</b>	653,453
Vehicle repairs expenses		<b>111,534</b>	129,942
Bad Debts		<b>98,951</b>	-
	<b>TOTAL</b>	<b><u>5,237,837</u></b>	<u>5,236,514</u>
<b>FINANCIAL CHARGES :</b>	16		
Term Loan Interest		<b>7,732,775</b>	2,149,659
Interest to others		<b>1,013,224</b>	1,200,989
Interest On Working Capital		<b>9,157,314</b>	8,084,753
Bank charges		<b>1,331,194</b>	686,914
Bill Discounting Charges		<b>2,781,485</b>	652,378
	<b>TOTAL</b>	<b><u>22,015,992</u></b>	<u>12,774,693</u>

**NOTES FORMING PART OF ACCOUNTS SCHEDULE “17”****1) Significant Accounting Policies :****(a) Basis of preparation of financial statements :**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 and comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.

**(b) Fixed Assets :**

Fixed Assets (except land) are carried at cost of acquisition (net of Cenvat) less accumulated depreciation. All cost including financing cost till commencement of commercial production is capitalized. Subsequent expenditure incurred on assets put to use is capitalized only where it increases future benefits/functioning capabilities from/of such assets

No amount of impairment loss is provided in the accounts since recoverable amount is the higher of an asset's net selling price and its value in use

**(c) Depreciation :**

i) Depreciation on the machineries is provided on Straight Line Method basis as stipulated in Schedule XIV to the Companies Act, 1956 while on the machineries of Karanj unit acquired on or after 01-04-2001 is provided on Written down value as stipulated under Schedule XIV to the Companies Act, 1956.

ii) Depreciation on other assets is provided on straight line method as stipulated in Schedule XIV of the Companies Act, 1956.

iii) Assets individually costing less than Rs.5000/- are fully depreciated in the year of acquisition.

**(d) Investments :**

Investments are stated at Cost of acquisition.

**(e) Inventories :**

Raw Material and Finished Goods are valued at lower of cost and net realisable value except stores, chemicals, fuel and packing material, which are valued at cost.

**(f) Revenue recognition :**

Revenue is recognised on its accrual, sales is accounted when goods are supplied and recorded net of trade discount and rebates but including excise duty and Value Added Tax. Late payment charges / discounts are recognized on the ground of prudence as and when recovered.

**(g) Retirement Benefits :**

Gratuity is accounted on actuarial basis based on actuarial valuations carried out by an independent actuary.

**(h) Borrowing Cost :**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**(i) Segment Accounting :**

The Company has identified only one segment Viz. **TEXTILES**, and commission income credited is also identified to be relating to textile segment exclusively.

**(j) Foreign Currency Transactions :**

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gain and losses on settlement of foreign currency transactions are recognized in the Profit and Loss Account under the natural revenue heads of accounts. Foreign currency assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognized in the Profit and Loss Account, except those relating to acquisition of fixed assets, which are adjusted in the cost of the fixed assets.

**(k) Deferred Taxation :**

In accordance with the Accounting Standard 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India ('ICAI'), the Company has provided for deferred tax at 31 March, 2008. Deferred tax resulting from timing differences between book and tax profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

Deferred tax arising on account of unabsorbed depreciation and other provisions are recognized only when there is a virtual certainty supported by convincing evidence that such assets will be realised.

<b>(2) Contingent Liabilities :</b>	<b>Current Year</b>	<b>(Rs. in Lacs) Pre.Year</b>
a. Estimated amount of contracts remaining to be executed on capital account not provided for	<b>Nil</b>	277.04
b. Counter guaranties given to banks	<b>3.75</b>	3.75
c. Guarantee given to Bank of Baroda on behalf of Shalton Industrial Infrastructure Pvt. Ltd. (given on 10.05.2006)	<b>173.60</b>	208.89
d. Bank Guarantee provided to DGFT to secure texturising machine under EPCG Scheme	<b>5.73</b>	Nil
e. Factoring Debtors Global Trade Finance Ltd.	<b>107.66</b>	Nil
<b>(3) Payment to Auditors</b>		
a. As Auditors: (Including Tax audit fees)	<b>2.00</b>	2.00
b. As Advisor or in any other Capacity in respect of :		
i. Company law matter	----	----
ii. Taxation matter	<b>0.25</b>	0.40
iii. Management services	----	----
iv. In any other manner	<b>0.18</b>	0.90

**(4) Additional Informations :**

Pursuant to provisions of paragraphs 3, 4C, 4D in Part II of Schedule VI to the Companies Act, 1956, the information pertaining to capacity, goods manufactured turnover, stock and raw materials consumed.

	<b>(Rs. in Lacs)</b>	
	<b>2007-2008</b>	<b>2006-2007</b>
Licensed Capacity	<b>Not applicable</b>	Not applicable
Installed Capacity *		
(1) Yarn	<b>6280 MTPA</b>	3400 MTPA
(2) Fabrics (In Lacs)	<b>63.35 Meters</b>	63.35 Meters

\* As certified by one of the directors, being a technical matter.

	2007-2008		2006-2007	
	Quantity (in MTPA)	Rupes (in Lacs)	Quantity (in MTPA)	Rupes (in Lacs)
Quantity Kgs of Yarn and Metres of Fabrics stated in Lacs.				
i) Opening Stock				
Yarn	61.95	59.92	19.12	17.55
Fabrics	6.25	107.82	14.63	234.21
ii) Closing Stock				
Yarn	67.71	59.99	61.95	59.92
Fabrics	3.54	50.92	6.25	107.82
iii) Production				
Yarn	3336.26		2959.16	
Fabrics	44.55		63.06	
iv) Trading Purchase				
Yarn	2772.86	2301.17	1732.63	1531.41
Fabrics	2.27	51.62	6.28	122.17
v) Turnover				
Yarn	6103.34	5810.46	4648.94	4534.96
Fabrics	49.52	1011.02	77.73	1636.29
Raw Material Yarn	344.66	304.01	95.09	99.54
vi) Raw Material Consumed*	4182.78	3298.37	3877.38	3112.25
*Includes Raw Material sales				
vii) a) Value of raw material consumed*	%		%	
Imported	0.00	0.00	0.00	0.00
Indigenous	100.00	3298.37	100.00	3112.25
Total	100.00	3298.37	100.00	3112.25
b) Consumable stores	%		%	
Imported	5.50	2.11	7.96	3.70
Indigenous	94.50	36.28	92.04	42.78
Total	100	38.39	100	46.48
*Includes Raw Material sales				
viii) Value of imports on CIF basis				
Raw Material		Nil		Nil
Capital Goods		53.09		42.82
Consumable Spares		0.00		2.73
ix) Earning in foreign exchange F.O.B. values of exports Rs.9.55 Lacs (Pre.Year.Rs. 8.96 Lacs)				
x) Expenditure in foreign currency (on payment basis)				(Rs. in Lacs)
		<b>2007-2008</b>	<b>2006-2007</b>	
i) Sales Promotion		Nil	Nil	
ii) Capital Goods		38.79	Nil	
iii) Consumable Spares		14.30	1.64	
iv) Foreign Traveling		3.16	0.78	
v) Repairs & maintenance to Machine		0.00	0.43	
(5) Remittances by the company in foreign currencies for dividends : (including amount credited to Non Resident External Accounts) :				
Dividend for the year ended		<b>31-03-2007</b>	<b>31-03-2006</b>	
No. of Non-resident shareholders		6	6	
No. of Equity Shares of face value of Rs.10 each held		124700	124700	
Amount of Dividend Rs. (In Lacs)		1.56	1.56	

- (6) Secured loans include loans of Rs. 303.12 Lacs (Pre.year 151.92 lacs) repayable / redeemable within one year.
- (7) Sales/Purchase include inter-divisional transfers of Rs.Nil (Pre.year Nil lacs)
- (8) Disclosure required as per AS-18 issued by ICAI in respect of related party is as under :-  
 (A) Related parties where common control exist and transactions entered into:

Name of the Related Party	Nature of Transaction	Amount	Balance as on 31/3/08	
Shahlon Industries Pvt. Ltd	Sales	84,48,890/-	NIL	
	Interest ( Income )	1,55,224/-		
	ERP Software	19,68,120/-		
		Commission Paid	6,93,468/-	NIL
		Yarn Purchases	63,06,085/-	
		Water charges paid	15,54,229/-	
		Packing Charges Paid	13,728/-	
	Machine Purchase	1,63,16,216/-		
Shah Silk Corporation	Sales (Yarn )	61,79,284/-		
	Interest	2,80,635/-		
	Packing Paid	13,728/-		
	Commission Paid	7,71,697/-		
	Purchase	32,58,924/-		
Fairdeal Textile Park Pvt.Ltd.	Subscription	42,08,031/-	NIL	
	Interest for prepaid subscription (Income)	15,42,580/-		
Shahlon Ind. Infrastructure Pvt. Ltd.	Power (Expenses)	1,49,09,779/-	NIL	
Shri D.R Shah (Key Management Personnel)	Remuneration	15,09,360/-	NIL	
Shri A.R.Shah (Key Management Personnel)	Remuneration	15,09,360/-	NIL	

- (9) Debtors of Rs. 928.20 Lacs includes Rs. NIL (Pre.year Rs. 851.38 Lacs includes Rs.Nil) due from firm in which Directors are interested as partners.
- (10) There are no sundry creditors due to Small Scale Industrial Undertaking to whom the company owes a sum, and is outstanding for more than 30 days.
- (11) Part-IV of Schedule VI to the Companies Act, 1956 as per Annexure 'A'.
- (12) There is no diluted equity share of the company hence Earning Per Share (EPS) is as per Part IV.
- (13) Confirmations to the extent received from debtors have been reconciled
- (14) Previous year's figures have been regrouped / recast wherever considered necessary.

**Signature to Schedules "1" to "17"**

As per our report of even date.

**For, NATVARLAL VEPARI & CO.**  
 CHARTERED ACCOUNTANTS

For and on behalf of the Board,

**Ravindra Vepari**  
 Partner

**Hitesh K. Garmora**  
 Company Secretary

**D. R. Shah**  
 Managing Director

**A. R. Shah**  
 Whole-time Director

SURAT, Date : 30.06.2008

SURAT, Date : 30.06.2008

## BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

**I. REGISTRATION DETAILS :**

 Registration No.      State Code:  

 Balance sheet date:-         
**II. CAPITAL RAISED DURING THE YEAR**

(Rs. in 00000's)

Public Issue	Right Issue
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS:**

(Rs. in 00000's)

Total Liabilities	Total Assets
<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="6"/>	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="6"/>

**Sources of Funds:**

Paid-up Capital	Reserve & Surplus
<input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="4"/>
Secured Loans	Unsecured Loans
<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="9"/>
Deferred Tax liability(Net)	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="2"/>	

**Application of Funds:**

Net Fixed Assets	Investment
<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="0"/>
Net Current Assets	Misc. Expenditure
<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Accumulated Losses	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	

**IV. PERFORMANCE OF COMPANY :**

(Rs. in 00000's)

Turnover	Total Expenditure
<input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="1"/>	<input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="0"/>
Profit/Loss before Tax	Profit/Loss after Tax
+ <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="1"/>	+ <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="9"/>
(Please tick Appropriate box + for Profit - for Loss)	
Earning per Share in Rs.	Dividend rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="0"/>

**GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY:**

(as per monetary terms)

Item Code No.:(ITC Code)	<input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description:	Z E R O T W I S T S I Z E D Y A R N
Item Code No.:(ITC Code)	<input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description:	D R A W T E X T U R I S E D Y A R N
Item Code No.:(ITC Code)	<input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description:	T W O F O R O N E T W I S T E D Y A R N
Item Code No.:(ITC Code)	<input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="2"/>
Product Description:	G R E Y F A B R I C S

**For, NATVARLAL VEPARI & CO.**  
 CHARTERED ACCOUNTANTS

For and on behalf of the Board,

**Ravindra Vepari**  
 Partner

**Hitesh K. Garmora**  
 Company Secretary

**D. R. Shah**  
 Managing Director

**A. R. Shah**  
 Whole-time Director

SURAT, Date : 30.06.2008

SURAT, Date : 30.06.2008

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2008**

	2007-2008 Rs.	2006-2007 Rs.
<b>(A) Cash Flow from Operating Activities :</b>		
<b>Net profit before tax and Extraordinary items:</b>	<b>9,741,318</b>	14,382,209
Adjusted for :		
Depreciation	<b>22,191,976</b>	16,611,740
Interest paid	<b>22,015,992</b>	12,774,693
Extra ordinary item ((profit)/loss on sale of assets)	<b>615,693</b>	177,450
<b>Operating profit before Working Capital Charges :</b>	<b>54,564,979</b>	43,946,092
Adjusted for :		
Trade and other receivables	<b>(17,815,095)</b>	(40,521,726)
Inventories	<b>(7,852,137)</b>	5,575,037
Trade payables and provisions	<b>4,386,174</b>	13,912,078
<b>Cash Generated From Operations</b>	<b>33,283,922</b>	22,911,481
Interest paid on operations	<b>(14,283,217)</b>	(10,625,034)
<b>Cash flow before Extraordinary items</b>	<b>19,000,705</b>	12,286,447
Prior period items	<b>62,133</b>	-
Tax	<b>(1,204,000)</b>	(1,851,000)
<b>Net Cash from Operating Activities</b>	<b>17,858,838</b>	10,435,447
<b>(B) Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets (including Capital WIP and related advances)	<b>(51,710,264)</b>	(52,509,457)
Sales of Fixed Assets	<b>189,916</b>	220,336
Purchase/(Sale) of investments	<b>130,000</b>	(280,000)
<b>Net Cash used in Investing Activities</b>	<b>(51,390,348)</b>	(52,569,121)
<b>(C) Cash Flow from Financing Activities :</b>		
Repayment of Finance/Lease/Loan (Net)	<b>46,903,599</b>	26,633,268
Short term Loan	<b>(998,510)</b>	13,836,052
Interest paid on Term Loan	<b>(7,732,775)</b>	(2,149,659)
Dividend paid	<b>(5,352,580)</b>	(5,352,580)
<b>Net Cash used in Financial Activities</b>	<b>32,819,734</b>	32,967,082
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS(A)+(B)+(C)</b>	<b>(711,776)</b>	(9,166,593)
<b>Opening Cash and Cash Equivalents</b>	<b>3,267,287</b>	12,433,879
<b>Closing Cash and Cash Equivalents</b>	<b>2,555,511</b>	3,267,287

**AUDITORS' REPORT :**

WE have audited the above Cash Flow Statement of FAIRDEAL FILAMENTS LTD. derived from audited financial statements and the books and records maintained by the Company for the year ended 31st MARCH, 2008 and found the same in agreement therewith.

**For, NATVARLAL VEPARI & CO.**  
CHARTERED ACCOUNTANTS

For and on behalf of the Board,

**Ravindra Vepari**  
Partner

**Hitesh K. Garmora**  
Company Secretary

**D. R. Shah**  
Managing Director

**A. R. Shah**  
Whole-time Director

SURAT, Date : 30.06.2008

SURAT, Date : 30.06.2008



# Fairdeal Filaments Ltd.

Registered Office : 3<sup>rd</sup> Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat - 395002.

## PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a  
Member/Members of the above named Company hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
or failing to him \_\_\_\_\_ of as \_\_\_\_\_ as  
my/our proxy to attend and vote for me/us, on my/our behalf at the EIGHTEENTH ANNUAL GENERAL MEETING of the  
Company, to be held on Tuesday the 30<sup>th</sup> day of September, 2008 at 11.00 A.M. at the Registered Office of the Company.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

**Ledger Folio/Client ID. No.:** \_\_\_\_\_

**No. of shares held** : \_\_\_\_\_

Affix one  
Rupee  
Revenue  
Stamp

Signature of the Shareholder(s)

**NOTE :** The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

# Fairdeal Filaments Ltd.

Registered Office : 3<sup>rd</sup> Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat - 395002.

## ATTENDANCE SLIP EIGHTEENTH ANNUAL GENERAL MEETING

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

I/We hereby record my/our presence at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday the 30<sup>th</sup> September, 2008 at 11.00 A.M. at the Registered Office of the Company.

**Ledger Folio/Client ID. No.** :

**No. of shares held** :

**Name/s of the Shareholder/s proxy :**

\_\_\_\_\_  
Signature of the Shareholder(s)